

By: Zaffirini

S.B. No. 726

A BILL TO BE ENTITLED

AN ACT

relating to investments by state banks to promote community development.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Section 34.106, Finance Code, is amended to read as follows:

Sec. 34.106. INVESTMENTS TO PROMOTE COMMUNITY DEVELOPMENT [~~FOR PUBLIC WELFARE~~].

SECTION 2. Section 34.106, Finance Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) A bank's aggregate investments under this section [~~including loans and commitments for loans,~~] may not exceed an amount equal to 15 [~~10~~] percent of the bank's unimpaired capital and surplus. [~~The banking commissioner may authorize investments in excess of this limitation in response to a written application if the banking commissioner concludes that:~~

~~(1) the excess investment is not precluded by other applicable law; and~~

~~(2) the safety and soundness of the requesting bank would not be adversely affected.]~~

(e) Notwithstanding any other law, a bank's exposure to a single project or entity described by this section, including all investments, loans, and commitments for loans, may not exceed 25

1 percent of the bank's unimpaired capital and surplus without the  
2 prior authorization of the banking commissioner in response to a  
3 written application.

4 SECTION 3. This Act takes effect September 1, 2019.